

3 August 1982

MEMORANDUM FOR THE RECORD

SUBJECT: IG Meeting on Pipeline Sanctions

1. On 3 August I attended an IG on the pipeline sanctions issue at Treasury. Marc Leland chaired. The IG was in preparation for a SIG scheduled for Wednesday, 4 August. There is a possibility that an NSC meeting will be called on Friday, 6 August. The meeting was neither crisp nor organized. Leland made reference to the DCI's memo to Cabinet officials, and indicated that Secretary Regan had discussed it with him. He referred to the need both for a broader policy framework and for more concrete, longer-term options for consideration at the Cabinet level. The NSC (Norm Bailey) is preparing a paper on US objectives and policies concerning East-West economic relations. This paper will be completed within about ten days. [Norman solicits our views and suggestions.]

2. With respect to the pipeline sanctions issue, the principal immediate questions involve legal possibilities and tactics. The main points appear to be the following:

- The US government has substantial enforcement powers, but a very weak legal case.
- We would almost certainly lose any case in European courts and probably would lose in our own courts as well.
- Tactically it would be better to lose abroad than here.

The first specific case we will have to deal with will probably be

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3. The following papers will be presented at, and hopefully before, the SIG.

1) What the US measures cover (history, where we are, Commerce (to be written).

2) Legal aspects -- Commerce/State (to be written, but will probably be consistent with a first-cut paper (attached) prepared by Treasury).

3) Alternative energy -- State, the result of the Buckley Group study which relies heavily on CIA inputs.

4) Impact of the sanctions on the Soviet pipeline and gas deliveries -- CIA (we will slightly modify our present draft). ✓

5) Possible US actions and Allied reactions -- State/Commerce (mostly within the confines of the pipeline sanctions issue).



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Attachment